

**JUDICIAL CLERK'S FUND OF THE  
THIRTY-FOURTH JUDICIAL DISTRICT COURT  
CHALMETTE, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/27/11

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
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For The Year Ended December 31, 2010

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# Durnin & James

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June 30, 2011

## Independent Auditor's Report

The Honorable Kirk A. Vaughn and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Thirty-Fourth Judicial District Court, a component unit of St. Bernard Parish Government, as of and for the year ended December 31, 2010, which collectively comprise the Thirty-Fourth Judicial District Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Thirty-Fourth Judicial District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Thirty-Fourth Judicial District Court as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011, on our consideration of the Thirty-Fourth Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The Honorable Kirk Vaughn  
and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

*Durnin & James, CPAs*

Durnin & James, CPAs  
(A Professional Corporation)

## **Basic Financial Statements**

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
**Statement of Net Assets**  
**December 31, 2010**

**Exhibit A**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 406,990
Investments	51,548
Accounts Receivable	17,665
Due from Other Governments (Net of Allowances for Uncollectibles)	34,585
Capital Assets, Net of Accumulated Depreciation (Note 6)	<u>6,166</u>
Total Assets	<u>\$ 516,954</u>
<b>Liabilities</b>	
Accounts Payable	\$ 25,319
Payroll Liabilities Payable	<u>4,355</u>
Total Liabilities	<u>\$ 29,674</u>
<b>Net Assets</b>	
Investment in Capital Assets, Net of Related Debt	\$ 6,166
Unrestricted	<u>481,114</u>
Total Net Assets	<u>\$ 487,280</u>

The accompanying notes are an integral part of this statement.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

**Exhibit B**

		<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
General Government	\$ 599,846	\$ 337,848	\$ 270,873	\$ 8,875
Depreciation	6,957	-	-	(6,957)
Total Governmental Activities	<u>\$ 606,803</u>	<u>\$ 337,848</u>	<u>\$ 270,873</u>	1,918
<b>General Revenues:</b>				
Other Income				1,296
Total General Revenues				<u>1,296</u>
Change in Net Assets				3,214
Net Assets - Beginning of the Year				<u>484,066</u>
Net Assets - End of the Year				<u>\$ 487,280</u>

The accompanying notes are an integral part of this statement.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
 Governmental Funds – Balance Sheet  
 December 31, 2010

Exhibit C

	General Fund	Juvenile Probation	FINS Fund	Pre-Trial Drug Testing	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 332,009	\$ 2,808	\$ 29,747	\$ 42,426	\$ 406,990
Investments	51,548	-	-	-	51,548
Accounts Receivable	-	-	-	17,665	17,665
Due from Other Governments (Net of Allowances for Uncollectibles)	34,585	-	-	-	34,585
<b>Total Assets</b>	<b>\$ 418,142</b>	<b>\$ 2,808</b>	<b>\$ 29,747</b>	<b>\$ 60,091</b>	<b>\$ 510,788</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 20,929	\$ -	\$ -	\$ 4,390	\$ 25,319
Payroll Liabilities Payable	3,297	-	-	1,058	4,355
<b>Total Liabilities</b>	<b>24,226</b>	<b>-</b>	<b>-</b>	<b>5,448</b>	<b>29,674</b>
<b>Fund Balances:</b>					
Unreserved, Undesignated	393,916	2,808	29,747	54,643	481,114
<b>Total Fund Balances</b>	<b>393,916</b>	<b>2,808</b>	<b>29,747</b>	<b>54,643</b>	<b>481,114</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 418,142</b>	<b>\$ 2,808</b>	<b>\$ 29,747</b>	<b>\$ 60,091</b>	<b>\$ 510,788</b>

The accompanying notes are an integral part of this statement.



**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Exhibit D

**Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Assets  
For the Year Ended December 31, 2010**

<b>Total Fund Balances, Governmental Funds (Exhibit C)</b>	<b>\$</b>	<b>481,114</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation	<u>6,166</u>
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<b>Net Assets of Governmental Activities (Exhibit A)</b>	<b>\$</b>	<b><u>487,280</u></b>
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The accompanying notes are an integral part of this statement.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Exhibit E

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2010**

	General Fund	Juvenile Probation	FINS Fund	Pre-Trial Drug Testing	Total
<b>Revenues:</b>					
Court Costs	\$ 227,287	\$ -	\$ -	\$ 2,763	\$ 230,050
Probation Supervision Fees	-	3,795	-	-	3,795
Intergovernmental Grants	-	-	24,882	-	24,882
State Drug Court Grants	245,991	-	-	-	245,991
Drug Testing Fees	-	-	-	104,003	104,003
Other Revenues	1,086	1	82	127	1,296
Total Revenues	474,364	3,796	24,964	106,893	610,017
<b>Expenditures:</b>					
General Office Expenditures	6,263	2,524	5,410	11,806	26,003
Salaries & Related Benefits	176,602	-	-	72,511	249,113
Legal, Professional, & Contract Services	12,725	505	20,605	800	34,635
Transfers to Drug Court Corporations	245,991	-	-	-	245,991
Supplies	-	-	-	-	-
Drug Testing Supplies	-	-	-	44,104	44,104
Capital Outlay	-	702	-	-	702
Total Expenditures	441,581	3,731	26,015	129,221	600,548
Excess (Deficiency) of Revenues Over Expenditures	32,783	65	(1,051)	(22,328)	9,469
<b>Fund Balance:</b>					
Beginning of the Year	361,133	2,743	30,798	76,971	471,645
End of the Year	\$ 393,916	\$ 2,808	\$ 29,747	\$ 54,643	\$ 481,114

The accompanying notes are an integral part of this statement.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

**Exhibit F**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2010**

**Net Change in Fund Balances, Governmental Funds (Exhibit E)** **\$ 9,469**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	702
Depreciation Expense	<u>(6,957)</u>

**Change in Net Assets of Governmental Activities (Exhibit B)** **\$ 3,214**

The accompanying notes are an integral part of this statement.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
Notes to Financial Statements  
For The Year Ended December 31, 2010

**Narrative Profile**

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court (the "District Court") was created by Act No. 47, Regular Session, 1986, R.S. 13:996.48. This Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law.

The Judges may appoint law clerks, clerical, administrative, or other personnel as they deem necessary for the operation of the District Court. In addition, the Judges may use collected revenues for the purpose of establishing or maintaining a law library for the District Court, or for buying, leasing, or maintaining any type of equipment, supplies, or other items necessary for the operation of the Court, or any other expenditure necessary for the proper operation of the court.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements of the District Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Financial Reporting Entity**

As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for the parish. The financial reporting entity consists of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the Parish Council provides for office space, courtrooms, and approval authority over its capital budget and therefore is fiscally dependent on the council, the District Court was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the District Court and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the District Court for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the District Court to impose its will on that organization and / or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District Court.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010

2. Organizations for which the District Court does not appoint a voting majority but are fiscally dependent on the District Court.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District Court has determined that the St. Bernard Parish Adult Drug Court, Inc. and the St. Bernard Parish Juvenile Drug Court, Inc. are part of the reporting entity. These component units are not included in the accompanying financial statements. Their financial statements may be obtained by request to the District Court at (504) 278-4433.

**C. Fund Accounting**

The District Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

*Governmental Funds*

Governmental funds account for all of the District Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District Court. The following are the District Court's governmental funds:

General Fund – the primary operating fund of the District Court, which accounts for all the operations of the District Court, except for those required to be accounted for in other funds.

Juvenile Probation Supervision Fee Special Revenue Fund – accounts for the receipt and disbursement of funds collected for juvenile probation supervision fees.

Families in Need of Services (FINS) Special Revenue Fund – accounts for the receipt and disbursement of funds collected for reducing the number of children who enter the juvenile justice system or the foster care system.

Pre-Trial Drug Testing Program Special Revenue Fund – accounts for the receipt and disbursement of funds collected for drug tests administered by the District Court.

**D. Measurement Focus / Basis of Accounting**

*Basic Financial Statements – Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the District Court as a whole. These statements include all the financial activities of the District Court with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets,

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010

and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District Court does not allocate indirect expenses.

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund, the Juvenile Probation Supervision Fee Special Revenue Fund, and the Families in Need of Services (FINS) Special Revenue Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District Court's operations.

The amounts reflected in the General Fund, the Juvenile Probation Supervision Fee Special Revenue Fund, and the Families in Need of Services (FINS) Special Revenue Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Court costs, intergovernmental grants and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental funds balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues,

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010

expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**E. Budgets and Budgetary Accounting**

Budgetary procedures applicable to the District Court are defined in state law, Revised Statutes 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District Court adopts a budget each year for the general fund and special revenue funds. The budget for these funds are adopted on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). For the year ended December 31, 2010, a budget was not adopted for the Pre-Trial Drug Testing Program Fund.
2. The Chief Judge prepares a proposed budget and submits it to the Judges of the District Court for their review.
3. A meeting is then held to review the proposed budget and formal adoption is made by majority vote of the Judges of the District Court.
4. Copies of the adopted budget are kept on file for public inspection.
5. Budgetary amendments due to increase or decrease in revenues or expenditures over amounts estimated require the approval of the Judges of the District Court. The general fund budget for the year ended December 31, 2010 was amended.
6. All budgetary appropriations lapse at the end of each year.
7. Formal budgetary integration is not employed. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

	General Fund	Juvenile Probation	FINS Fund
Excess (Deficiency) of Revenues			
Over Expenditures (Exhibit E)	\$ 32,783	\$ 65	\$ (1,051)
Add:			
Prior Year Receivables	44,448	-	2,065
Current Year Payables	24,226	-	-
Less:			
Current Year Receivables	34,585	-	-
Prior Year Payables	20,488	-	-
Excess (Deficiency) of Revenues			
Over Expenditures - Cash Basis	<u>\$ 46,384</u>	<u>\$ 65</u>	<u>\$ 1,014</u>

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

**Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010**

**F. Cash, Cash Equivalents, and Investments**

The District Court's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under state law, the District Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities are 90 days or less; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District Court are stated at cost.

**G. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Court maintains a threshold level of \$100 or more for capitalizing assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful life of the asset. Capital assets in this report are comprised primarily various types of equipment, which have an estimated useful life of 5 years.

**H. Compensated Absences**

There is no written policy for compensated absences. All full-time employees earn one week of annual leave. This leave is taken when the Judges take their leave. Sick leave and annual leave is non-cumulative. In the governmental funds, the cost of sick leave and annual leave is recognized when payments are made to employees.

**I. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.



**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010

**2. Cash, Cash Equivalents, and Investments**

At December 31, 2010, the carrying amount of the District Court's cash deposits was \$406,990 and the bank balance was \$419,726, of which \$250,000 was insured from loss by federal deposit insurance and \$169,726 was uninsured and uncollateralized. The District Court did not comply with all provisions of state law which require that bank balances not insured from loss through federal deposit insurance be secured from loss at all time through the pledge of bank securities.

**3. Due From Other Governmental Units**

Due from other governmental units represent amounts collected in 2010 and received in 2011.

St. Bernard Parish Clerk of Court	\$ 2,610
St. Bernard Parish Sheriff	15,204
Louisiana Supreme Court - Adult Drug Court	9,970
Louisiana Supreme Court - Juvenile Drug Court	6,801
Louisiana Supreme Court - FINS Intergovernmental Grant	-
Total	<u>\$ 34,585</u>

No allowance for uncollectible receivables is required at December 31, 2010.

**4. Accounts Payable**

Accounts payable at December 31, 2010, including, amounts due to the St. Bernard Parish Juvenile Drug Court, Inc. and the St. Bernard Parish Adult Drug Court, Inc., totaled \$25,319. Payroll liabilities payable at December 31, 2010, including payroll withholding taxes and accrued payroll taxes totaled \$4,355.

**5. Litigation**

There is no litigation pending against the District Court at December 31, 2010.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Notes to Financial Statements (Continued)  
For The Year Ended December 31, 2010

**6. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2010 are as follows:

	<u>Balance 01/01/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/10</u>
Capital Assets:				
Equipment	\$ 47,713	\$ 702	\$ -	\$ 48,415
Total Capital Assets	47,713	702	-	48,415
Less Accumulated Depreciation:				
Equipment	35,292	6,957	-	42,249
Total Accumulated Depreciation	35,292	6,957	-	42,249
Totals	<u>\$ 12,421</u>	<u>\$ (6,255)</u>	<u>\$ -</u>	<u>\$ 6,166</u>

**Required Supplemental Information (Part II)**

**Budgetary Comparison Schedule**

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

**Schedule 1**

**General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Court Costs	\$ 259,255	\$ 234,000	\$ 234,233	\$ 233
Intergovernmental Grants	-	-	-	-
State Drug Court Grants	233,374	230,950	248,908	17,958
Other	<u>1,000</u>	<u>1,000</u>	<u>1,086</u>	<u>86</u>
Total Revenues	493,629	465,950	484,227	18,277
<b>Expenditures:</b>				
General Office Expenditures	4,950	6,344	2,105	4,239
Salaries & Related Benefits	178,200	175,000	174,105	895
Legal & Professional	13,000	12,725	12,725	-
Transfers to Drug Court Corporations	233,374	230,950	248,908	(17,958)
Supplies	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	429,524	425,019	437,843	(12,824)
Excess (Deficiency) of Revenues Over Expenditures	64,105	40,931	46,384	5,453
<b>Cash - Beginning of the Year</b>	<u>337,173</u>	<u>337,173</u>	<u>285,726</u>	<u>(51,447)</u>
<b>Cash - End of the Year</b>	<u>\$ 401,278</u>	<u>\$ 378,104</u>	<u>\$ 332,110</u>	<u>\$ (45,994)</u>

See auditor's report.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Schedule 2

**Juvenile Probation Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Probation Supervision Fees	\$ 2,860	\$ 3,855	\$ 3,795	\$ (60)
Other Revenues	-	-	1	1
Total Revenues	<u>2,860</u>	<u>3,855</u>	<u>3,796</u>	<u>(59)</u>
<b>Expenditures:</b>				
General Office Expenditures	2,500	3,503	2,524	979
Legal & Professional	-	505	505	-
Supplies	-	-	-	-
Capital Outlay	-	-	702	(702)
Total Expenditures	<u>2,500</u>	<u>4,008</u>	<u>3,731</u>	<u>277</u>
Excess (Deficiency) of Revenues Over Expenditures	360	(153)	65	218
<b>Cash - Beginning of the Year</b>	<u>2,743</u>	<u>2,743</u>	<u>2,743</u>	<u>-</u>
<b>Cash - End of the Year</b>	<u>\$ 3,103</u>	<u>\$ 2,590</u>	<u>\$ 2,808</u>	<u>\$ 218</u>

See auditor's report.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

Schedule 3

**FINS Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Intergovernmental Grant	\$ 26,947	\$ 24,882	\$ 26,947	\$ 2,065
Other Revenues	80	80	82	2
Total Revenues	27,027	24,962	27,029	2,067
<b>Expenditures:</b>				
General Office Expenditures	5,335	5,445	5,410	35
Salaries & Related Benefits	-	-	-	-
Legal & Professional	20,605	20,605	20,605	-
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	25,940	26,050	26,015	35
Excess (Deficiency) of Revenues Over Expenditures	1,087	(1,088)	1,014	2,102
Cash - Beginning of the Year	28,733	28,733	28,733	-
Cash - End of the Year	<u>\$ 29,820</u>	<u>\$ 27,645</u>	<u>\$ 29,747</u>	<u>\$ 2,102</u>

See auditor's report.

**Other Independent Auditor's Reports and  
Findings and Recommendations**

# Durnin & James

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June 30, 2011

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Honorable Kirk A. Vaughn and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Thirty-Fourth Judicial District Court, as of for the year ended December 31, 2010, which collectively comprise the Thirty-Fourth Judicial District Court's basic financial statements and have issued our report thereon dated June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Thirty-Fourth Judicial District Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Thirty-Fourth Judicial District Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Thirty-Fourth Judicial District Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 10-02 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 10-01 to be significant deficiencies.



The Honorable Kirk Vaughn  
and Honorable Judges  
Thirty-Fourth Judicial District Court  
Chalmette, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Thirty-Fourth Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 09-01, 10-03, and 10-04.

The Thirty-Fourth Judicial District Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Thirty-Fourth Judicial District Court's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Durnin & James, CPAs*

Durnin & James, CPAs  
(A Professional Corporation)

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

**Internal Control over Financial Reporting**

**10-01 – Additional Safeguards over Cash Receipts**

**Condition:** During our audit and testing of revenues for the pre-trial drug testing program, we noted the following internal control weaknesses that need to be improved:

- The pre-trial drug testing program receives cash.
- The pre-trial drug testing program does not use receipt books that include the entity's name and that are consecutively numbered from one book to the next.
- The pre-trial drug testing program does not make daily deposits.

Allowing employees to receive cash, using receipt books that do not include the entity's name, using receipt books that are not consecutively numbered from one book to the next, and not making daily deposits creates an environment in which errors or irregularities could occur and not be detected in a timely manner. The cause of this condition appears to be an inadequate design of the internal control procedures by management. Improvement is necessary to maintain adequate internal controls over the cash receipt process.

**Recommendation:** We recommend that the pre-trial drug testing program of the Thirty-Fourth Judicial District Court prohibit the receipt of cash and require that payments be made by check, certified check, and money order only. We also recommend the pre-trial drug testing program have printed pre-numbered receipts that are consecutively numbered from one book to the next. The un-issued receipt books and used receipt books should be kept in a secure location and a control log of used and unused receipt books should be kept. Un-perforated control copies of each receipt should remain in the receipt bookbinding. The control copy of receipts should be reconciled to total collections and the total deposit by supervisory personnel who are independent of the accounting function as each deposit is made.

Additionally, Louisiana state law requires governments to make daily deposits of cash receipts. We recommend that all cash receipts be deposited on a daily basis into the pre-trial drug testing program's bank account.

**Management's Response:** In management's response dated July 19, 2011, the District Court indicated that for the pre-trial drug testing program, it will do the following:

- Prohibit the receipt of cash and require payments be made by check, certified check, and money order only.
- Have printed pre-numbered receipt books that are consecutively numbered from one book to the next. The un-issued receipt books and used receipt books will be kept in a secure location and a control log will be kept. Un-perforated control copies of each receipt will remain in the receipt bookbinding. The control copy of receipts will be reconciled to total collections and total deposits by supervisory personnel who are independent of the accounting function as each deposit is made.
- Deposits will be made daily to the pre-trial drug testing program's bank account for cash receipts received for drug testing.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

**10-02 – Financial Statement Preparation**

**Condition:** Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, are necessary in order for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the financial statements on a timely basis.

**Condition:** As is common in small organizations, management has chosen to engage the auditors to propose certain year-end adjusting journal entries and to prepare the annual financial statements. This condition is intentional by management based on the District Court's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, have not been fully implemented. Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal controls. GAAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**Condition:** The District Court and employees are unable to prevent or detect and correct misstatements on a timely basis in the normal course of performing their assigned functions.

**Recommendation:** We recommend no action be taken.

**Management's Response:** The District Court has determined that the most cost effective and prudent use of District Court funds is to engage the auditor to propose year-end adjustments and prepare the financial statements. As such, no action will be taken at this time.

**Compliance and Other Matters**

**09-01 – Failure to Comply with Fiscal Agency and Cash Management Laws**

During our audit and testing of cash receipts, we noted that the Thirty-Fourth Judicial District Court failed to comply with certain provisions of the fiscal agency and cash management requirements of state law, (R.S. 39:1211-45). The requirements of the fiscal agency and cash management laws and the manner in which the District Court failed to comply are as follows:

**Finding:** State law, (R.S. 39:1211-45), requires the District Court to fully collateralize at all times the its cash balances with the fiscal agent bank through FDIC insurance and, if necessary, by requiring the fiscal agent bank to pledge securities for the benefit of the District Court sufficient to cover any uninsured cash balances in the fiscal agent bank. As of December 31, 2010, the uninsured cash balances in the District Court's fiscal agent bank exceeded the amount of FDIC insurance by \$169,726 in violation of state law.

This finding was also noted in the prior year.

**Recommendation:** We recommend the District Court contact the fiscal agent to pledge securities for the benefit of the District Court sufficient to cover the uninsured cash balances in the fiscal agent bank.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court**  
**Chalmette, Louisiana**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

**Management's Response:** In management's response dated July 19, 2011, the District Court indicated that it will contact the fiscal agent bank to pledge additional securities for the benefit of the District Court sufficient to cover the uninsured cash balances in the fiscal agent bank.

**10-03 – Compliance with the Local Government Budget Act**

During our audit and testing of budgetary procedures, we noted that the Thirty-Fourth Judicial District Court failed to comply with certain provisions of the Local Government Budget Act, (R.S. 39:1301-1315). The requirements of the Local Government Budget Act and the manner in which the District Court failed to comply are as follows:

**Finding:** A budget was not adopted for the Pre-Trial Drug Testing Program Fund for the year ended December 31, 2010. This resulted in a violation of R.S. 39:1305(A) that requires a budget to be prepared for the general fund and each special revenue fund.

**Recommendation:** We recommend the District Court ensure that a budget is prepared annually for the general fund and each special revenue fund in accordance with the Local Government Budget Act.

**Management's Response:** In management's response dated July 19, 2011, the District Court indicated that it will begin preparing a budget for the Pre-Trial Drug Testing Program on an annual basis in accordance with the Local Government Budget Act.

**10-04 – Failure to Complete Audit Report Within Six Months of the Close of the Fiscal Year**

The audit of the District Court was not completed within six months of the close of the fiscal year in violation of R.S. 24:513(5)(a). The requirements of the state audit law and the manner in which the District Court failed to comply are as follows:

**Finding:** State law requires the annual audit to be completed and submitted to the Legislative Auditor within six months of the close of the fiscal year. The audit report and audit documentation were completed by June 30, 2011; however, due to scheduling conflicts between the auditors and the District Court Judges, a final exit conference was not able to be held until July 19, 2011. In addition, the final representation letters from management were not obtained until this meeting on July 19, 2011.

**Recommendation:** We recommend the District Court require the auditors to begin the audit in January of each fiscal year and that the annual audit be completed by May 31 of each year to ensure timely reporting to the Legislative Auditor.

**Management's Response:** In management's response dated July 19, 2011, the District Court indicated that it will require the auditors to begin the annual audit in January of each fiscal year and also require the audit to be completed by May 31 of each year.

**Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court  
Chalmette, Louisiana**

**Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2010**

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Taken</u>
09-01	December 31, 2009	Failure to Comply with Fiscal Agency and Cash Management Laws	No	Cash balances not adequately collateralized

***Note: This schedule has been prepared by the management of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.***